

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-07 COME-00 TRSE-00
CIAE-00 INR-07 NSAE-00 SS-15 NSC-05 SP-02 IO-13 OMB-01
/076 W

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R 181141Z JAN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4780
INFO AMEMBASSY DAMASCUS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 00949

E.O. 11652: GDS
TAGS: PFOR, EFIN, EINV, SY, US, GW
SUBJECT: CLAIMS AGAINST SYRIA: DEUTSCHE TEXACO

REFS: (A) STATE 1971; (B) BONN 20547; (C) DAMASCUS 8155

1. CECIL OLMSTEAD OF US TEXACO, AND GABRIEL AND LUERS
OF GERMAN TEXACO, MET WITH EMBOFFS JANUARY 14. OLMSTEAD
REVIEWED THE BACKGROUND SUMMARIZED IN REFTEL B.

2. CONCERNING THE QUESTION IN PARA 5 OF REFTEL A, IT
APPEARS THAT IN 1956 CONCORDIA RECEIVED ONLY AN
EXPLORATION CONCESSION FROM THE SYRIAN GOVERNMENT.
HAVING FOUND OIL IN CERTAIN FIELDS, IT ENGAGED IN
LENGTHY EFFORTS WITH THE SYRIAN GOVERNMENT TO CONCLUDE
AN EXPLOITATION CONCESSION AGREEMENT, BUT RAN INTO
DIFFICULTIES AND DELAYS.

3. ANY SUGGESTED OR REAL LINKAGE BY THE FRG OF CON-
CORDIA'S INTEREST IN EXPLOITATION RIGHTS WITH FRG
CONSIDERATION OF ECONOMIC ASSISTANCE FOR THE TABGA DAM
IN 1963, WAS INTENDED TO HELP CONCORDIA CONCLUDE
EXPLOITATION CONCESSION AGREEMENT WITH THE SYRIAN
GOVERNMENT. THE SYRIAN CONTENTION THAT THE FRG
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GOVERNMENT HAD WAIVED CONCORDIA'S CLAIM MAY BE BASED
ON THE FACT THAT THE FRG GOVERNMENT PROCEEDED WITH
ECONOMIC ASSISTANCE FOR TABGA DAM DESPITE THE FACT
THAT NO EXPLOITATION AGREEMENT WAS CONCLUDED BEFORE
DECEMBER 12, 1964.

4. IN ANY EVENT, OLMSTEAD AND THE OTHERS

EMPHASIZED THAT THE WRITTEN ASSURANCE IN THE SYRIAN GOVERNMENT'S LETTER OF DECEMBER 23, 1964, AFTER ITS DECREE, AND THE WILLINGNESS OF SUBSEQUENT SYRIAN GOVERNMENTS TO COMPENSATE CONCORDIA, CONSTITUTE CONTINUING RECOGNITION IN PRINCIPLE OF AN OBLIGATION TO COMPENSATE CONCORDIA.

5. OLMSTEAD EXPRESSED THE VIEW THAT NOW WAS A POINT OF HIGH LEVERAGE BOTH FOR THE US AND FRG GOVERNMENTS VIS-A-VIS SARG. THE USG HAD UNDER CONSIDERATION APPROXIMATELY \$100 MILLION OF ECONOMIC ASSISTANCE TO SARG EVEN BEFORE THE CURRENT HELPFUL SYRIAN INITIATIVE IN THE LEBANESE CRISIS. THE FRG GOVERNMENT ALSO HAS ECONOMIC ASSISTANCE TO THE SARG UNDER CONSIDERATION. MOREOVER, OLMSTEAD SAID HE HAD HEARD THAT DURING HIS MIDEAST TRIP, FRG FONMIN GENSCHER PLANNED A VISIT WITH THE SARG. HE EXPRESSED THE HOPE THAT GENSCHER WOULD MENTION THE FRG CLAIM ON BEHALF OF ERDOL/ CONCORDIA.

6. SOME QUESTION AROSE AS TO THE AMOUNT OF THE CLAIM AGAINST SARG. ON ONE HAND, ACCORDING TO PARA 5 OF REFTEL C, THE AMOUNT LISTED BY THE USG WAS \$34 MILLION; ON THE OTHER HAND, FRG TEXACO REPS HAD STATED (SEE PARA 8, REFTEL B) THAT THE CLAIM, FACTORING IN INTEREST AND EXCHANGE RATE LOSSES, WOULD AMOUNT TO ABOUT DM 135 MILLION, AMOUNTING TO APPROXIMATELY \$56 MILLION. THIS AMOUNT DID NOT INCLUDE ANY FIGURE FOR LOSS OF EXPECTED PROFITS, FOR WHICH THE SARG HAS APPARENTLY CONFIDENTIAL

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NOT, SO FAR, RECOGNIZED ANY OBLIGATION TO COMPENSATE CONCORDIA. COMMENT: WE BELIEVE OLMSTEAD WILL WISH TO FIND OUT FROM THE DEPARTMENT WHAT AMOUNT WAS ORIGINALLY LISTED FOR THIS CLAIM BY THE USG AND HOW IT WAS CALCULATED. POSSIBLY THE AMOUNT INDICATED COULD LIMIT THE AMOUNT FOR WHICH THE USG COULD GIVE POLITICAL SUPPORT VIS-A-VIS THE SARG TO CONCORDIA'S CLAIM.

7. OLMSTEAD CAUTIOUSLY MENTIONED THE CASE REFERRED TO IN PARA 6 OF REFTEL C, STATING THAT THE SARG HAD NEVER MADE SIMILAR ALLEGATIONS OR SUGGESTED SIMILAR SUSPICIONS RE CONCORDIA OR ERDOL. HE SAID THAT IN THE RECENT USG EXPOSURES OF SUCH ACTIVITIES BY US CORPORATIONS ABROAD, THERE HAS NEVER BEEN THE SLIGHTEST SUGGESTION OF TEXACO EMPLOYMENT OF SUCH PRACTICES.

8. OLMSTEAD UNDERTOOK TO PHONE EMBOFF AFTER HIS VISIT

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WITH REPRESENTATIVES OF THE FRG FONOFF AND ECONOMICS
MINISTRY.

9. IN HIS SUBSEQUENT PHONE CALL JANUARY 14, OLMSTEAD
STATED THAT THE REACTION OF THE FONOFF AND THE ECONOMICS
MINISTRY REPRESENTATIVES HAD BEEN EXTREMELY FAVORABLE.
THESE REPRESENTATIVES HAD STATED THAT DURING HIS
FEBRUARY 8 VISIT IN DAMASCUS, GENSCHER WOULD MAKE
REFERENCE TO THE CONCORDIA CLAIM WITH THE SARG,
INDICATING THAT IT WOULD BE HELPFUL IF THIS CLAIM WERE
FINALLY RESOLVED.

10. OLMSTEAD SAID HE HOPED THAT AFTER GENSCHER'S
VISIT DETAILED NEGOTIATIONS COULD BE COMMENCED, NOT AT
THE MINISTRY TO MINISTRY LEVEL, BUT AT THE LEVEL
NORMAL FOR PRIVATE CLAIMS BY FRG CLAIMANTS: CLAIMANT
(CONCORDIA) AND FOREIGN GOVERNMENT (SARG).

11. OLMSTEAD SAID THAT BOECKER, DIRECTOR OF THE OFFICE
OF NEAR EAST AFFAIRS IN THE FOREIGN OFFICE WOULD BE
ACCOMPANYING FONMIN GENSCHER AND WOULD BE PRESENT AND
ABLE FULLY TO BRIEF GENSCHER ON THIS MATTER. A LIST
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OF ITEMS GENSCHER WOULD BE RAISING WITH THE SARG
WOULD BE PROVIDED TO THAT GOVERNMENT IN ADVANCE
AND WOULD INCLUDE THE CONCORDIA CLAIM.

12. COMMENT: AS A RESULT OF OLMSTEAD'S REPORT, WE
BELIEVE THAT A USG APPROACH TO THE SYRIANS AFTER
GENSCHER'S VISIT ON THE BASIS OF REF A WOULD ENHANCE
TEXACO'S CHANCES FOR A SETTLEMENT. TO ADVISE FRG OF
THIS PLANNED ACTION NOW MAY ALSO CEMENT THEIR CONVICTION
TO PRESS THE CLAIM, SHOULD INITIAL CONTACT WITH THE
SARG FAIL TO GET THE WHEELS MOVING AGAIN ON THIS
LONG-PENDING CASE. END COMMENT

13. THE EMBASSY ASSUMES THAT OLMSTEAD WILL PROVIDE THE
OFFICE OF THE LEGAL ADVISER IN THE DEPARTMENT (SCHWEBEL
AND KWIA TEK) WITH A BRIEFING ON THE RESULTS OF HIS
VISIT WITH FRG GOVERNMENT REPS.
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